

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2001-245

August 20, 2002

MAINE PUBLIC UTILITIES COMMISSION  
Investigation of Rate Design of Transmission  
and Distribution Utilities

ORDER APPROVING  
STIPULATION OF VOLUNTARY  
DISMISSAL (MAINE PUBLIC  
SERVICE COMPANY)

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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**I. SUMMARY**

By way of this Order, we approve a Stipulation entered into between Maine Public Service Company (MPS or Company) and other parties to this proceeding and thus approve MPS's motion that it be allowed to withdraw from this investigation without prejudice.

**II. BACKGROUND**

On May 8, 2001, the Commission initiated this proceeding to investigate the rate designs of MPS, Central Maine Power Company (CMP) and Bangor Hydro-Electric Company (BHE). As set forth in our Notice of Investigation, we decided to focus our investigation on the following issues:

- to what extent should revenues (T&D and stranded costs) that are currently recovered in per kWh charges be shifted into fixed and/or demand charges;
- should time-of-use periods be set to be consistent with industry standards (i.e., 5 x 16 on-peak period) and, if so, how should revenues be allocated among time periods;
- should seasonal differentials be reduced or eliminated; and
- should any rate design changes be phased-in and, if so, how should the phase-in be accomplished in light of expected decreases in distribution rates under CMP's ARP and the general decline in stranded costs over time.

On April 12, 2002, MPS submitted its rate design proposal through the testimony of Ward Gerow and John Wagner. The Gerow/Wagner Testimony recommended that 50% of the Company's stranded cost revenue requirement be recovered through fixed charges at this time and that the winter seasonal differential be eliminated immediately.

On July 16, 2002, Stephen Johnson, counsel for MPS, filed a letter with the Commission on behalf of MPS which stated that MPS recently had made a change in its executive management. Based on new management's review of the issues in this case, it was now MPS's position that at the current time, moving stranded cost revenue requirements into fixed charges would not be in either the Company's or in its customers' interests. Therefore, MPS requested that it be released from this proceeding and be exempt from any order which results from this investigation.

On July 30, 2002, MPS filed a Stipulation which was entered into between the Company and the Office of Public Advocate, the Industrial Energy Consumers Group, the Independent Energy Producers of Maine, S.D. Warren Company, Calpine Construction Finance Company, FPL Energy-Maine, CMP and BHE. The Stipulation provides that MPS be allowed to withdraw from this investigation as requested and that such withdrawal not prohibit MPS from proposing, in any future proceeding or investigation, any rate design that is similar to, or that incorporates any of the economic theories or principles underlying the rate design proposals made by the Company in this proceeding.

### **III. DECISION**

The Stipulation presented to us here has been entered into by nearly all parties to this proceeding, which represent a wide range of the interests. No party has objected to the Stipulation nor has any party raised any issues concerning the process that led up to the Stipulation. Finally, and most importantly, we find that the stipulated result, which would retain MPS's current rate design at this time, is reasonable and is in the public interest, and consistent with statutory requirements. We thus conclude that all our criteria for approving a Stipulation, *See Central Maine Power Company, Request for Approval of Alternative Rate Plan (Post-Merger) "ARP 2000,"* Docket No. 99-666, Order Approving Stipulation at 11 (Nov. 16, 2000), have been satisfied here.

Accordingly, it is

### **O R D E R E D**

1. That the Stipulation filed by Maine Public Service Company on July 30, 2002, a copy of which is attached hereto and is incorporated by reference, is approved;
2. That Maine Public Service Company is dismissed from this proceeding and shall not be bound by any subsequent order of the Commission in this docket; and,
3. That such dismissal shall be without prejudice to Maine Public Service Company or to any other party to this proceeding.

Dated at Augusta, Maine, this 20th day of August, 2002.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Nugent  
   Diamond

COMMISSIONER ABSENT:              Welch

**NOTICE OF RIGHTS TO REVIEW OR APPEAL**

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.